Foreign Portfolio Investor

October 2025

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Regulatory updates

Measures towards ease of doing business

Securities and Exchange Board of India (SEBI) **approved the following proposals**[1] in its board meeting held on 12 September 2025:

Introduction of 'Single Window Automatic and Generalised Access for Trusted Foreign Investors (SWAGAT-FI)[2] framework for Foreign Portfolio Investors (FPIs) and Foreign Venture Capital Investors (FVCIs)

In line with the consultation paper issued on 8 August 2025, SEBI has approved the framework. Further, SEBI also exempted SWAGAT-FIs from the condition to require investment of at least 66 per cent in eligible unlisted assets provided under the FVCI Regulations, 2000.

Other key relaxations are as under:

- Option to register as FVCI without additional documentation, if already registered/applying as FPI
- Validity of registration, KYC review, and fee payment to apply for ten years (instead of three year)
- Exemption from the 50 per cent aggregate contribution cap applicable to Non-Resident Indians (NRI), Overseas Citizens of India (OCI), and Resident Indian (RI) individuals in FPIs
- Option to use a single demat account for holding all securities acquired as FPI, FVCI, or foreign investor units, with systems in place to ensure proper tagging and identification across channels.

The SWAGAT-FI framework will be implemented within a six-month period.

Launch of 'India Market Access' website

A new website 'India Market Access' has been developed as a dedicated platform for current and prospective FPIs.

It provides 360-degree digital gateway for seamless entry and compliance for FPIs. It offers resources at one place for regulatory, tax aspects, documentation, and roles of key market participants.

Changes to anchor investor allocation to increase participation

Discretionary allocation in Initial Public Offer (IPO) to anchor investors is linked to the anchor book size. Further, large ticket FPIs operating multiple funds face structural limitations in IPO participation. To address these issues, following measures were approved:

- Discretionary allotment under anchor portion Category I (up to INR100 million) and Category II (above INR100 million up to INR2500 million) to be **merged into a single category** for allocations up to INR2500 million
- **Increase in permissible anchor investor allottees for** allocations above INR2500 million.

  A minimum of five and a maximum of fifteen investors allowed for allocations up to INR2500 million.

  For every additional INR2500 million or part thereof, an additional fifteen investors permitted, subject to a minimum allotment of INR50 million.

1 Relevant notifications and circulars awaited
2 Eligible categories include Government and Government-related investors, appropriately regulated Public Retail Funds with diversified investors and investments, managed independently and regulated by their home jurisdiction.

Definition of 'strategic investor' amended

The concept of strategic investors in SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014 enabled REIT/InvIT to have strategic investors in the issue, prior to making an offer of units.

The objective was to instill confidence in the other set of investors as strategic investors are required to enter into a binding subscription agreement and the units subscribed by such investors are locked for a period of 180 days from the date of listing.

The definition of strategic investor included FPIs. SEBI has approved amendment in the definition of strategic investor which changes the factor the below:

- to include Qualified Institutional Buyers (QIBs)
- to exclude FPI who are individuals, corporate bodies or family offices

With the amendment FPI's who are individuals, corporate bodies or family offices not to be considered.

Source: SEBI press release 62/2025 dated 12 September 2025

Ease of regulatory compliances for FPIs investing only in Government Securities (G-sec)

SEBI had provided relaxations with respect to contributions in the corpus and control of the FPI by NRI/OCI/RI, disclosure from investor group and application of clubbing of investments for FPIs that invest only in government securities (referred to as GS-FPI). The master circular has been modified, *inter alia,* to provide for mechanism for **transition** between regular FPI to GS-FPI as under:

- Declaration to Designated Depository Participant (DDP) by the **new FPI applicants** who would be investing only in Government Securities (G-Sec) to identify themselves as GS-FPIs at the time of onboarding
- **Regular FPIs** (existing and prospective) may also transition to GS-FPIs, by making appropriate declaration to their DDPs
- Upon receipt of such transition requests, DDPs to ensure the FPI has **divested** all its holdings, except the securities permitted
- DDPs along with depositories to ensure that the FPI has either closed its demat account or there are fail-safe mechanisms in place to ensure assets other than G-Sec cannot be held in such demat account of the FPI.
- **GS-FPI may also transition to a regular FPI** by making appropriate declaration to DDPs. The GS-FPI to provide incremental information and submit documents as are applicable to a regular FPI.
- From the date of transition becoming effective, the FPI to comply with regulatory requirements as applicable to a regular FPI.

The provisions of circular are effective **8 February 2026.**

Source: SEBI circular SEBI/HO/AFD/AFD-PoD-3/P/CIR/2025/127 dated 10 September 2025

International Financial Services Centre (IFSC)

Ease of doing business for FPIs in IFSCs – retail schemes

In its board meeting held on 12 September 2025,SEBI enabled the following by approving changes to SEBI (FPI) Regulations, 2019:

- Retail schemes with resident Indian sponsor or manager can be registered as FPI:
- Sponsor contributions to be subject to a maximum of 10 per cent of corpus of the fund or asset under management in such schemes
- Overseas mutual funds/unit trust registering as FPIs to be permitted to include Indian mutual funds as constituents, subject to conditions.

  The conditions include for having a pooled contributions by investors into a single investment vehicle, no segregated portfolio, investors to have *pari-passu* and pro-rata rights in the fund, mutual fund/unit trust to be managed by independent investment manager/fund manager etc.

Source: SEBI press release dated 12 September 2025

Income-tax – case laws

Extension of due date for filing Income Tax Return (ITR) for Assessment Year (AY) 2025-26

The due date of filing of the return of income for non-corporate taxpayers for AY 2025-26 was 31 July 2025, which was extended to 15 September 2025. Central Board of Direct Taxes had further extended to 16 September 2025.

Source: CBDT circular F.No.225/131/2025/ITA-II dated 15 September 2025

Market watch – press articles-select extracts

FDI into India in July at 50-month high of USD11.11 billion

At USD11.11 billion, the gross FDI inflow in July was the highest since May 2021, when USD12.32 billion had come into the country on a gross basis.

In June, gross FDI inflows into India stood at USD9.57 billion, while the figure for July 2024, at USD5.54 billion, was half the latest number.

Source: The Indian Express, Siddharth Upasani, dated 26 September 2025

SEBI mulls allowing FPIs to invest in non-agricultural commodity derivative

The Securities and Exchange Board of India (SEBI) is working on expanding participation in the commodity derivatives market to include foreign investors, banks, insurers, and pension funds. Industry participants have also urged the regulator to allow new contracts to start with cash settlement until they scale up, as this would draw investors, build liquidity and ease operations.

Source: The Hindu Business Line, Akshata Gorde, dated 17 September 2025

SEBI, RBI in talks to boost corporate bond index derivatives trading

The Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) are in advanced talks to encourage trading in corporate bond index derivatives in order to deepen the debt market, said a top SEBI official on Friday.

Source: The Hindu Business Line, BL Mumbai Bureau, dated 19 September 2025

SEBI signals more relaxations to ease onboarding of foreign investors

The Securities and Exchange Board of India (SEBI) has planned a slew of further relaxations to facilitate easier registrations of Foreign Portfolio Investors (FPIs), including a common Know-Your-Client (KYC) and smoother documentation through India digital signature.

Source: Business Standard, Khusbhoo Tiwari, dated 15 September 2025

FPI statistics

Parameters	Current month	Earlier month	Changes
Net Equity inflows during Sep 2025 (in USD million)	(2,693)	(3,946)	
Net Debt inflows during Sep 2025 (in USD million)	1,382	1,428	
Total FPIs registered as on 30 Sep 2025	12,055	12,023	32
AUC of FPIs at end of Aug 2025 (in USD million)	869,887	887,137	(17,250)

Source: FPI monitor, NSDL, 30 September 2025

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